

**RIO DELL CITY COUNCIL
SPECIAL MEETING
APRIL 16, 2010
MINUTES**

A Special meeting of the Rio Dell City Council was called to order at 10:30 A.M. by Mayor Woodall.

ROLL CALL: Present: Mayor Woodall, Councilmembers Barsanti, Dunker, Marks, and Thompson

Others Present: Interim City Manager Stretch, Chief of Police Hill, Finance Director Beauchaine, Acting Director of Public Works Jensen, and City Clerk Dunham

SPECIAL MEETING MATTERS

Mid-Year Budget Review

Finance Director Beauchaine presented a Mid Year Budget Review Report for the three quarters ending March 31, 2010.

Interim City Manager Stretch stated that since the City Council is receiving this information without having the opportunity to review the materials prior to the meeting he thought it would be appropriate at this time to hear the presentation as general information and bring the budget amendments back to the Council for consideration at the next regular meeting.

Finance Director Beauchaine began with a review of the highlights of the mid-year budget report and noted the City's 2009-2010 Operations Budget total of \$2,123,742. She said as of March 31, 2010, 71% of the City's Operations Revenue has been received and on the expenditure side, 67% of appropriated funds have been expended. Other highlights included a projected increase in General Fund Revenues by 5% or \$39,000 by year end; and year-end Operation Reserves projected to total \$861,981 if recommended amendments are approved. She explained the projected increase in General Fund Revenue of \$39,000 was attributed to increased Vehicle License Fees and Secured Property Taxes along with increased Building Permit activity offset by additional contract services.

Next was review of Expenditure Amendments totaling \$119,542 required to complete open projects as follows:

- City Manager Staffing & Recruitment \$46,400
- Building Inspection Services \$5,000
- Metropolitan Annexation \$2,000
- Housing Element \$5,000
- Scotia Annexation \$35,000

- Circulation Element \$26,142

The last page of the document showed Operating Fund Reserves Balances. Councilmember Thompson questioned the \$3,000 projected reserve balance under the Parks and Recreation fund; Finance Director Beauchaine explained that revenue was derived from Park Development Fees for two homes constructed under the Planned Development Overlay Zone.

Discussion continued regarding Water and Sewer Operations revenues to date. Finance Director Beauchaine recommended a budget amendment from the water fund in the amount of \$15,612 and \$24,128 from the sewer fund to fund a portion of the City Management staffing and recruitment activities.

Councilmember Marks asked if the funds coming out of the water and sewer departments to fund a portion of the City Manager department had to be paid back; Finance Director Beauchaine explained how the various funds are allocated to support General Fund administrative activities.

In referring to Other Operation Funds, Beauchaine stated the City's \$5,000 DOC Recycling Grant had been reinstated.

The recommendation to the City Council was to direct staff to prepare a budget amendment for City Council approved projects to include:

- \$39,000 increased General Fund Revenue
- \$-26,142 General Fund for Circulation Element
- \$-35,000 General Fund for Scotia Annexation
- \$-5,000 General Fund for Housing Element
- \$-2,000 General Fund for Metropolitan Annexation
- \$-5,000 General Fund for Building Inspection Services
- \$2,320 Streets Fund for City Manager Staffing and Recruitment
- \$-24,128 Sewer Fund for City Manager Staffing and Recruitment

Also recommended was to schedule a 2010-2011 Fiscal year Budget Study Session and direct staff to prepare projections to assist the Council in setting parameters for the next budget cycle.

Beauchaine said that all revenues and expenditures seem to be proportional to where the City is for this time of year and that the Fund Reserves remain healthy.

Mayor Woodall asked if there was a goal to retain a certain percentage of the annual budget as Fund Reserves; Beauchaine stated it depends on the needs of the City and desires of the City Council and noted the reserve balances could be anywhere from 5% to 100%. She said there was

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previous discussion about developing a reserve policy but the Council did not come to a consensus on what the reserve balance should be.

Councilmember Marks stated she would like to see the reserve balance grow; Beauchaine said most of the City's reserve balances are between 50% and 100% which allows for funding of capital projects and protects the City's cash flow. One option would be to mandate that 30% be set aside for reserves each budget year if that is the desire of the Council. She suggested again that a reserve policy be developed.

Interim City Manager Stretch said often times agencies have contingency funds as well as reserves so that the reserves are for emergency use only. Beauchaine said she had not separated out contingency from reserves although she could.

Interim City Manager Stretch noted for a small city, Rio Dell was doing relatively good financially.

Councilmember Marks asked the Finance Director for an overview of how she develops data for financial reports and the budget; Beauchaine explained all of the information comes out of Accufund which is then exported into Excel from which the budget is developed. She said the reason for that is because the City has not yet purchased the Accufund Budget module and said Finance staff would need to be augmented in order for the program to be implemented.

Councilmember Marks stated she would like to do whatever is necessary to make that happen and said even it means hiring temporary staff, perhaps for one year. Beauchaine stated it would be nice to fund an accounting position for one year then re-evaluate the position at the end of the one year.

Councilmember Thompson suggested the cost of the budget module and an additional staff person be considered during the budget process.

Finance Director Beauchaine said she had a list of items that are needed in the Finance Department and would like to come back to the Council with a recommendation on all of those tasks.

Mayor Woodall referred to the list of goals for the police department as addressed in the 2009-2010 Budget and asked Chief Hill if those goals were achieved.

Chief Hill stated probably the department's biggest goal was implementation of community oriented policing.

Mayor Woodall asked if the emergency generator had been installed and if any of the patrol units had been replaced; Chief Hill commented that the generator had not yet been installed and that two used vehicles were purchased from Blue Lake Police Department.

Moving on to the Public Works Department, Interim Director of Public Works Jensen stated that with the reduction in his budget for FY 2009-2010 there wasn't much funding for projects but they were able to increase the security at the water/wastewater treatment plant and work on enhancement of the plant. He noted with the 2010-2011 Budget the Ogle Ave. drainage would need to be addressed in addition to other projects that were deferred.

Mayor Woodall commented on the deterioration of Wildwood Ave. and asked if there was anything that could be done prior to the paving project; Jensen noted the bid opening for the Wildwood Ave. Paving Project would take place on April 27th and said the areas that are significantly deteriorated would be dug out and repaired before the 2 inch overlay is done.

Jensen also reported that he had been in contact with Cal-Trans and learned that they would be coming back to complete the paving of the on and off-ramp areas.

Councilmember Thompson commented there was a problem with motorists running the stop sign coming into the City from the North exit and asked if an additional stop sign could be installed; Chief Hill stated an additional sign would not help because typically cars slow down and proceed unless an officer is present and then they come to a full stop.

Interim City Manager Stretch said the larger issue as far as budget is augmentation of the City Manager position, a severance package that was not anticipated, and City Manager candidate travel expense. He noted that relocation expenses for the new City Manager would however, be less than projected.

Councilmember Marks commented that Public Works overall expenses look like they may be understated for the year and asked why funds are not moved between line items rather than transferring \$13,000 from reserve funds for the meter reading equipment. Acting Director of Public Jensen explained there were some fairly substantial expenditures that were recently made in the water fund not yet reflected in the budget.

OTHER COUNCIL/STAFF REPORTS

City Manager Stretch reminded Council of the meeting with LAFCo and the Town of Scotia at the Winema Theater on April 21, 2010. He said this would be an educational session for the LAFCo Board as to what is a CSD and how it works compared to annexation. Presentations will be made by the Town of Scotia as well as the City's Engineer, Planner, City manager, Chief of Police and Finance Director.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 11:42 A.M. to the April 20, 2010 regular meeting.

Julie Woodall Mayor

ATTEST:

Karen Dunham, City Clerk